

VZCZCXR07703
PP RUEHLMC
DE RUEHN #0837/01 0551003
ZNY CCCCC ZZH
P 241003Z FEB 06
FM AMEMBASSY NAIROBI
TO RUEHC/SECSTATE WASHDC PRIORITY 9834
INFO RUEHXR/RWANDA COLLECTIVE PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RHMFSS/HQ USCENTCOM MACDILL AFB FL PRIORITY
RHMFSS/CJTF HOA PRIORITY
RUEHLMC/MILLENNIUM CHALLENGE CORP PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 NAIROBI 000837

SIPDIS

SIPDIS

LONDON AND PARIS FOR AFRICA WATCHERS

E.O. 12958: DECL: 02/24/2026

TAGS: PGOV PREL ECON EFIN KCOR KE

SUBJECT: CLOSING RANKS ON CORRUPTION AS CABINET GETS A PAY RAISE

REF: A. NARIOBI 661

1B. NAIROBI 607
1C. 05 NAIROBI 5158

Classified By: A/PolCouns L. Peterson for reasons 1.4 (b,d)

11. (C) SUMMARY: As the number of individuals targeted for corruption investigations continues to grow exponentially, the effectiveness of these investigations is called into question. Lucrative recent increases in allowances for members of Kenya's cabinet may prove effective enticements to instill greater loyalty among members of Kibaki's government during this time of crisis. END SUMMARY.

Despite the Drought, Financial Flood Gates Are Open for Some

12. (C) The growing list of individuals targeted for corruption-related activities indicates that it is open season on corrupt officials. Current and former government officials have been the focus of recent anti-corruption allegations, including Vice President Moddy Awori. (Refs A, B) Those mentioned in recent days as targets of anti-corruption investigations include wealthy businessman (including Anura Perera, Deepak Kimani, and Jimmy Wanjigi) and heads of parastatals. The police have requested that over twenty individuals surrender their passports in connection with the Goldenberg and Anglo Leasing corruption investigations, and local media report this list could expand up to eighty. On February 16 Local Government Minister Musikari Kombo revoked nominated Mombassa Mayor Taib Ali Taib's tenure, allegedly for his involvement in corrupt deals (involving a refuse removal contract awarded to an Italian firm). COMMENT: The expanded breadth and reach of the corruption investigations runs the risk of either clogging the anti-corruption mechanisms such that little to no progress is likely to be achieved, or diffusing and diverting public outrage directed at Kibaki's administration over corruption at its core. In recent days the media has reported on turf battles among various Kenyan offices, including the KACC, the Attorney General, the Chief of Police, and the Public Prosecutor over who has the authority to investigate and prosecute corruption cases. There is a real concern that legal maneuvering and appeals to the Constitutional Court by those accused of corruption over the legal jurisdiction of these various GOK organs will keep high-level cases in limbo for the foreseeable future. END COMMENT.

Raising the Stakes

¶3. (U) Local media report that in a circular dated February 16, the government increased the monthly allowances for cabinet members, by as much as 517 percent. Previously, assistant ministers received a monthly allowance of the equivalent of USD 340 (USD 1 = Sh70.5). The circular purports to raise the amount to USD 1,418. Cabinet ministers, monthly allowances are to increase dramatically from USD 567 to USD 3,546. These allowances are in addition to a host of other perks attendant with the office, such as travel and meeting expenses, security detail, cellular phone credit, housing, and vehicles. Minister's salaries, not including allowances, are currently at a staggering USD 8,298 a month. (NOTE: More than 56 percent of Kenyans live on less than a dollar a day. END NOTE.) As members of parliament, cabinet members also receive a monthly salary of USD 7,801. All told, Ministers make approximately USD 16,069 a month in salaries and now an additional USD 3,546 in allowances, totaling approximately USD 19,615. By contrast, U.S. cabinet-level officials receive a monthly salary of USD 15,008 (2005). (NOTE: The average per capita income for Kenya (2006) is USD 270 compared with the U.S. per capita income of USD 44,389 (2004). END NOTE.)

¶4. (C) The current composition of the cabinet includes a massive 83 positions (34 ministers and 49 assistant ministers.) Kibaki started with a cabinet of only 56 positions (26 ministers and 30 assistant ministers). The current swollen cabinet flies in the face of earlier NARC promises of leaner government. The dramatic growth in the number cabinet positions following the government's defeat in the constitutional referendum effectively ensures that approximately one third of members of parliament are incorporated into government, sufficient numbers to stave off anti-government motions in parliament. (See Ref C for

NAIROBI 00000837 002 OF 002

additional background.)

¶5. (C) COMMENT: By sweetening the already ample perks of position, Kibaki has raised the stakes for cabinet members. The allowances increase seems an obvious attempt to instill yet greater loyalty among cabinet members, particularly in light of the corruption crisis threatening leading members of Kibaki's administration. Anglo Leasing and related schemes are widely viewed as a mechanism, which has now been slowed, not stopped, for creating a political war chest. To compensate, the Kibaki brain trust may be counting on these massive increases in funds to key officials as a new source for funding campaigns in 2007. END COMMENT.

BELLAMY